

**131.672 Collection of delinquent taxes or debts -- Financial institution data match system -- Lien or levy on account assets -- Notice -- Fees -- Erroneous lien or levy -- Administrative regulations.**

- (1) To assist the department in the collection of delinquent taxes and debts owed to the Commonwealth, the department shall design, develop, implement, and operate a financial institution match system for the purpose of identifying and seizing the financial assets of delinquent taxpayers and debtors as identified by the department. The provisions of KRS 131.670 to 131.676 shall be applied uniformly to all financial institutions within the Commonwealth as feasible.
- (2) Each financial institution in the Commonwealth shall, in conjunction with the department, develop and operate a data match system to facilitate the identification and seizure of financial assets of delinquent taxpayers and debtors identified by the department. If a financial institution has a data match system developed pursuant to KRS 205.774(2) for the purpose of administering the child support enforcement programs of the Commonwealth, and if the system is compatible with the requirements of KRS 131.670 to 131.676, the financial institution may utilize that system to comply with the provisions of this subsection.
- (3)
  - (a) When the department determines that the name, record address, and either Social Security number or taxpayer identification number of an account with a financial institution matches the name, record address, and either the Social Security number or taxpayer identification number of a delinquent taxpayer or debtor, a lien or levy shall, subject to the provisions of subsection (4) of this section, arise against the assets in the account at the time of receipt of the notice by the financial institution at which the account is maintained.
  - (b) The department shall provide notice of the following to the debtor or delinquent taxpayer and the financial institution:
    1. The match;
    2. The lien or levy arising therefrom; and
    3. The action to be taken to surrender or encumber the account with the lien or levy for delinquent taxes.Notice shall be provided to the debtor or delinquent taxpayer within two (2) business days of the date the notice is sent to the financial institution.
- (4) A financial institution ordered to surrender or encumber an account shall be entitled to collect its normally scheduled account activity fees to maintain the account during the period of time the account is seized or encumbered.
- (5) A financial institution may charge an account levied on by the department a fee of not more than twenty dollars (\$20), which may be deducted from the account prior to remitting any funds to the department.
- (6) The department shall bear the cost or, if paid by the delinquent taxpayer or debtor, reimburse the delinquent taxpayer or debtor for any bank charges incurred as a result of any erroneous lien or levy by the department, provided the erroneous lien or levy was caused by department error and, prior to the issuance of the erroneous lien or levy, the delinquent taxpayer or debtor timely responded to all contacts by

the department and provided information or documentation sufficient to establish his or her position.

- (7) The department may promulgate administrative regulations to implement KRS 131.670 to 131.676.

**Effective:** April 25, 2006

**History:** Created 2006 Ky. Acts ch. 252, Pt. XVII, sec. 2, effective April 25, 2006.